

THE HONORABLE RICARDO S. MARTINEZ

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

KLAUS ASSION, Derivatively on Behalf
of ZILLOW, INC.,

Plaintiff,

v.

SPENCER M. RASCOFF, CHAD M.
COHEN, RICHARD N. BARTON,
LLOYD D. FRINK, DAVID A. BEITEL,
GREG M. SCHWARTZ, GREGORY B.
MAFFEI, ERIK BLACHFORD,
GORDON STEPHENSON, J. WILLIAM
GURLEY, and JAY C. HOAG,

Defendants,

and

ZILLOW, INC., a Washington corporation,

Nominal Defendant.

No. CV 13-00091 RSM

**STIPULATION AND ORDER
REGARDING STAY OF PROCEEDINGS
AND RELATED MATTERS**

IT IS HEREBY STIPULATED AND AGREED, BY AND BETWEEN plaintiff Klaus Assion ("Plaintiff"), and individual defendants Spencer M. Rascoff, Chad M. Cohen, Richard N. Barton, Lloyd D. Frink, David A. Beitel, Greg M. Schwartz, Gregory B. Maffei, Erik Blachford, Gordon Stephenson, J. William Gurley, and Jay C. Hoag ("Individual Defendants"), and nominal

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1 defendant Zillow, Inc. ("Zillow" or the "Company" and, collectively with the Individual
2 Defendants, the "Defendants"), by and through their undersigned counsel, as follows:
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5 WHEREAS, on January 15, 2013, Plaintiff filed the Verified Shareholder Derivative
6 Complaint ("Complaint") in this Court, asserting claims against the Individual Defendants on
7 behalf of nominal defendant Zillow (the "Action");
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10 WHEREAS, on January 29, 2013, Plaintiff filed a Notice of Related Case, stating that the
11 Action may be related to a factually-similar federal securities fraud class action, *Reinschmidt v.*
12 *Zillow, Inc., et al.*, No. 12-02084 RSM (the "Securities Action"), which is pending in this District
13 before the Honorable Ricardo S. Martinez;
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16 WHEREAS, by minute order dated January 31, 2013, the Action was transferred from
17 Judge Coughenour to Judge Martinez;
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20 WHEREAS, by stipulated order dated January 8, 2013, the court in the Securities Action
21 stayed discovery, pursuant to the Private Securities Litigation Reform Act of 1995, codified at 15
22 U.S.C. § 78u-4(b)(3)(B) (2009), until after the selection of lead plaintiff, the appointment of lead
23 counsel, the filing of an amended and consolidated complaint, and the resolution of the
24 defendants' motion to dismiss in the Securities Action;
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27 WHEREAS, Plaintiff believes that the allegations in the Action are not dependent on the
28 allegations in the Securities Action, but the parties in the Action agree that the ruling on the
29 motion to dismiss the Securities Action may help inform the manner in which the Action
30 proceeds;
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33 WHEREAS, the parties therefore agree that the interests of efficient and effective case
34 management would best be served by: (1) deferring all proceedings and continuing all response
35 dates in the Action until (a) thirty (30) days after the Securities Action is dismissed in its entirety
36 with prejudice, (b) thirty (30) days after the Court issues an order denying in any part the
37 defendants' motion to dismiss the Securities Action, or (c) such other time as the Court shall
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**STIPULATION AND ORDER REGARDING STAY
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1 order; and (2) by sharing certain discovery generated in the Securities Action, if any, with
2 Plaintiff in the Action pursuant to the terms set forth herein;
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5 WHEREAS, the parties agree that documents and information, if any, obtained pursuant
6 to this Stipulation shall not be used by Plaintiff to supplement Plaintiff's allegations of demand
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futility or used by Plaintiff in any way in connection with his opposition to any motion to
dismiss, including but not limited to any motion to dismiss for failure to make a pre-suit demand,
absent an order of the Court permitting such use. Defendants reserve their right to oppose any
motion for an order permitting Plaintiff to use information developed in discovery to supplement
his demand futility allegations or to oppose any motion to dismiss. Plaintiff agrees not to use the
existence of this Stipulation, the substance of any documents or discovery produced pursuant to
this Stipulation, and/or any documents or information obtained or developed as a result of any
documents or discovery produced pursuant to this Stipulation as support for any argument that
Plaintiff is otherwise entitled to use the documents or the information therein to supplement
allegations of demand futility or to oppose a motion to dismiss;

WHEREAS, the parties agree that should any of the Defendants seek to dismiss the
extant Complaint or an amended complaint for failure to make a pre-suit demand on Zillow's
Board of Directors ("Board"), the demand futility question should be decided based on the
membership of the Board on the date Plaintiff filed the extant Complaint – January 15, 2013 –
provided, however, that if an amended complaint containing claims or allegations that are
materially different than those alleged in the extant Complaint is filed, Defendants reserve their
right to argue that demand futility should be decided based on the membership of the Board at
the time the amended complaint is filed;

WHEREAS, the parties agree that, notwithstanding the stipulated stay of the Action,
Plaintiff shall be permitted to file: (a) an amended complaint, to which Defendants shall have no
obligation to respond during the course of the stay, if Plaintiff elects to do so; and (b) any

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1 stipulation and/or motion relating to the organization of the Action, including but not limited to
2 the appointment of lead plaintiff and/or lead counsel and the consolidation of any future-filed
3 related actions and Defendants shall be permitted to oppose or otherwise respond to such motion
4 if Defendants elect to do so;
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10 WHEREAS, the parties enter into this stipulation for the purpose of ensuring the orderly
11 and efficient litigation of the Action in the best interests of Zillow, and not for the purpose of
12 delay; and
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15 WHEREAS, the parties agree that by entering into this Stipulation, the parties do not
16 waive any rights not specifically addressed herein.
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19 NOW, THEREFORE, the parties hereto consent to the form and entry of an ORDER as
20 follows:
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23 1. All proceedings in this Action are stayed and all response dates are continued
24 until:
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27 (a) thirty (30) days after the Securities Action is dismissed in its entirety with
28 prejudice;
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31 (b) thirty (30) days after the Court issues an order denying in any part the
32 defendants' motion to dismiss the Securities Action; or
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35 (c) such other time as the Court shall order.
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38 2. Defendants shall have no present obligation to respond to the Complaint. Within
39 thirty (30) days from the date that the order on the motion to dismiss the Securities Action
40 becomes final and non-appealable or this stay is otherwise lifted, counsel for the parties shall
41 meet and confer to determine a proposed schedule, to be submitted to the Court for approval, for:
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44 (a) Defendants to respond to the Complaint and to file any related briefing; or
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47 (b) Plaintiff to file and serve an amended complaint, and Defendants to
48 respond to the amended complaint and to file any related briefing.
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2 3. If merits (i.e., not class certification) discovery proceeds in the Securities Action,
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4 then, subject to the terms and conditions set forth herein, Defendants will produce to Plaintiff in
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6 the Action copies of all written document requests, written responses to document requests, and
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8 documents produced to plaintiffs in the Securities Action, in the same manner as those
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10 documents are produced to plaintiffs in the Securities Action, within 20 days of production of
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12 those materials to plaintiffs in the Securities Action, but only provided that:

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14 (a) Documents and information, if any, obtained pursuant to this stipulation
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16 shall not be used to supplement Plaintiff's allegations of demand futility or to oppose any motion
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18 to dismiss, including but not limited to any motion to dismiss for failure to make a pre-suit
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20 demand, absent an order of the Court permitting such use; and

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22 (b) Plaintiff in the Action agrees to abide by the terms of any protective
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24 order(s) in place in the Securities Action and/or the terms of any protective order(s) in place in
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26 the Action; and

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28 (c) Plaintiff shall use his best efforts to avoid duplicate discovery requests,
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30 and seek only information relevant to this Action that was not already produced in connection
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32 with the Securities Action. If Plaintiff serves discovery requests, Defendants are not obligated to
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34 produce responsive, non-privileged documents if they have already produced such documents
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36 pursuant to this Stipulation.

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38 4. If there are merits (i.e., not class certification) depositions in the Securities
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40 Action, counsel for the parties will meet and confer in good faith regarding an agreement to
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42 permit Plaintiff's participation in those merits depositions and/or for Plaintiff to receive
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44 transcripts of all such depositions.

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46 5. Should any of the Defendants seek to dismiss the extant Complaint for failure to
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48 make a pre-suit demand on Zillow's Board, the demand futility question should be decided based
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50 on the membership of the Board on the date Plaintiff filed the extant Complaint – January 15,
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2013 – provided, however, that if an amended complaint containing claims or allegations that are materially different than those alleged in the extant Complaint is filed, Defendants reserve their right to argue that demand futility should be decided based on the membership of the Board at the time the amended complaint is filed.

6. Notwithstanding the stipulated stay of the Action, Plaintiff shall be permitted to file: (a) an amended complaint, to which Defendants shall have no obligation to respond during the course of the stay, if Plaintiff elects to do so; and (b) any stipulation and/or motion relating to the organization of the Action, including but not limited to the appointment of lead plaintiff and/or lead counsel and the consolidation of any future-filed related actions, and Defendants shall be permitted to oppose or otherwise respond to such motion if Defendants elect to do so.

7. By entering into this Stipulation, the parties do not waive any rights not specifically addressed herein.

DATED: March 6, 2013

By: s / Ronald L. Berenstein
s/ Sean C. Knowles
 Ronald L. Berenstein, WSBA No. 7573
 Sean C. Knowles, WSBA No. 39893
Perkins Coie LLP
 1201 Third Avenue, Suite 4900
 Seattle, WA 98101-3099
 Telephone: 206.359.8000
 Facsimile: 206.359.9000
 Email: rberenstein@perkinscoie.com
 sknowles@perkinscoie.com

Attorneys for Defendants Spencer M. Rascoff,
 Chad M. Cohen, Richard N. Barton, Lloyd D.
 Frink, David A. Beitel, Greg M. Schwartz,
 Gregory B. Maffei, Erik Blachford, Gordon
 Stephenson, J. William Gurley, and Jay C. Hoag,
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1
2 DATED: March 6, 2013

3 By: s/ Shane P. Sanders
4 Shane P. Sanders (*admitted pro hac vice*)
5 Felipe J. Arroyo (*admitted pro hac vice*)
6 **Robbins Arroyo LLP**
7 600 B Street, Ste. 1900
8 San Diego, CA 92101
9 Telephone: 619.525.3990
10 Facsimile: 619.525.3991
11 Email farroyo@robbinsarroyo.com
12 ssanders@robbinsarroyo.com
13

14 **Stritmatter Kessler Whelan Coluccio**
15 Brad J. Moore, WSBA No. 21802
16 200 Second Avenue West
17 Seattle, WA 98119
18 Telephone: 206.448.1777
19 Facsimile: 206.728.2131
20 Email: brad@stritmatter.com
21

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23 Attorneys for Plaintiff
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31 **ORDER**

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33 It is so ordered.
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36 DATED this 13 day of March 2013.
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41 RICARDO S. MARTINEZ
42 UNITED STATES DISTRICT JUDGE
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1 Presented by:

2
3 By: s/ Ronald L. Berenstein

4 s/ Sean C. Knowles

5 Ronald L. Berenstein, WSBA No. 7573

6 Sean C. Knowles, WSBA No. 39893

7 **Perkins Coie LLP**

8 1201 Third Avenue, Suite 4900

9 Seattle, WA 98101-3099

10 Telephone: 206.359.8000

11 Facsimile: 206.359.9000

12 Email: rberenstein@perkinscoie.com

13 sknowles@perkinscoie.com

14
15 Attorneys for Defendants Spencer M. Rascoff,
16 Chad M. Cohen, Richard N. Barton, Lloyd D.
17 Frink, David A. Beitel, Greg M. Schwartz,
18 Gregory B. Maffei, Erik Blachford, Gordon
19 Stephenson, J. William Gurley, and Jay C. Hoag,
20 and Nominal Defendant Zillow, Inc.
21
22

23 By: s/ Shane P. Sanders

24 Shane P. Sanders (*admitted pro hac vice*)

25 Felipe J. Arroyo (*admitted pro hac vice*)

26 **Robbins Arroyo LLP**

27 600 B Street, Ste. 1900

28 San Diego, CA 92101

29 Telephone: 619.525.3990

30 Facsimile: 619.525.3991

31 Email farroyo@robbinsarroyo.com

32 ssanders@robbinsarroyo.com

33
34
35
36
37
38 **Stritmatter Kessler Whelan Coluccio**

39 Brad J. Moore, WSBA No. 21802

40 200 Second Avenue West

41 Seattle, WA 98119

42 Telephone: 206.448.1777

43 Facsimile: 206.728.2131

44 Email: brad@stritmatter.com

45
46
47 Attorneys for Plaintiff
48
49
50
51

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